

JUNE 13, 2018 – JOINT WORKSHOP

The Board of County Commissioners, Walton County, Florida, held a Joint Workshop on June 13, 2018 at 9:00 a.m. at the DeFuniak Springs Civic Center in DeFuniak Springs, Florida with the city councils of DeFuniak Springs and Freeport.

The following board members were present: Commissioner W. N. (Bill) Chapman, Chairman; Commissioner Tony Anderson, Vice-Chairman; Commissioner Sara Comander; and Commissioner Cecilia Jones. Mr. Larry Jones, County Administrator and Attorney Sidney Noyes, County Attorney, were also present.

The following council members from the City of DeFuniak Springs were present: Mayor Robert (Bob) Campbell; Councilwoman Janie Griffith; Councilman Kermit Wright; Councilman Ron Kelley; Councilman Henry Ennis, Sr.; and Councilman Wayne Graham. Attorney Clayton Adkinson, City Attorney, was also present.

The following council members from the City of Freeport were present: Mayor Russ Barley; Councilwoman Amanda Green; Councilwoman Elizabeth Brannon; Councilman Eddie Farris; and Councilman William (Boots) McCormick. Attorney Clay Adkinson, City Attorney was also present.

Chairman Chapman called the meeting to order to discuss infrastructure and economic development along the U.S. Highway 331.

Mr. Robert Sheets, Nabors Giblin & Nickerson, gave a brief overview of his experience and knowledge followed by information regarding the Governmental Utility Authority (GUA) Concept.

Mr. Sheets explained the GUA concept stating it is a stakeholder-crafted mechanism that allows multi-jurisdictional entities to own, operate, and manage a utility under Section

163.01(7)(g)1 of the Florida Statutes. The GUA is established by interlocal agreements and governed by a local government appointed board. Member local governments have control over the GUA, but do not incur any liability for debt or operations. Mr. Sheets explained a few of the benefits of creating or joining a GUA can provide a cash infusion to local government through the sale of assets to the GUA; provide dedicated focus on utility issues to improve infrastructure; customer service; and finances. It allows the entities to borrow money on a tax based program and helps with obtaining grants. Additional advantages are that it maximizes private sector flexibility with governmental accountability and provides independent bonding capacity (assets and debt are the sole responsibility of the GUA not the local government). A GUA also affords bargaining power and potential enhanced credit; finances future system improvements on a tax-exempt basis; and creates an eligibility for SRF Loans and State/Federal Grants. Local governments are allowed to reacquire assets at any time; the interlocal agreement is based on local policy preferences; and the GUA regulates the rates and service standards.

Mr. Sheets provided samples of other successful GUA's in Florida stating The Florida Governmental Utility Authority (FGUA) has successfully operated in Florida for 19 years and in 14 counties. The FGUA has grown to \$545 million in assets and a website could be created which would keep customers informed. Mr. Sheets spoke about the successes throughout the 14 counties, the number of customers served and their plans for additional improvements. Local Community Service Representatives (customer advocates) are provided to assist customers, developers and vendors including on-line bill pay.

Mr. Sheets explained the structure of the FGUA and how their Board of Directors operate. He stated The City of Dunnellon is in the process of becoming a member of the FGUA and encouraged the board and council members to speak to them regarding the process.

Mr. Sheets stated there is a lot to consider and encouraged each one to look at the alternatives and be informed. He stated it takes a lot of capital to get the infrastructure in the ground, but it must be spent before the customers will come.

Commissioner Jones asked how a local utility board is comprised and who decides whom will serve on the board. Mr. Sheets said this board and councils decide the makeup and policies of the board.

Commissioner Jones reminded everyone of an earlier meeting where everyone agreed to work together for the good of the county. The goal is to bring new businesses into the area. She stated one thing she favors is the county nor the city would acquire any liability. She stated each city would continue with their own utility assets. The county wants to work together to make this happen.

Mayor Campbell asked Mr. Sheets if he deals only with water and sewer or if he provides other services. Mr. Sheets said they also deal some with storm water/gas/power.

Mr. Sheets stated that because they consist of so many different jurisdictions and have worked with DEP they have received very favorable reactions for grants and loans. DEP realizes money is better leveraged with it being a multi-level project.

Commissioner Comander stated matching funds would be needed to secure funding from Triumph. The Consortium has committed \$12 million from Pot 3 to be used on the water and sewer project. She stated they presented the project to their Pot 1 Board on Tuesday night and they approved to donate \$5 million toward this project from Pot 1. If the county and cities can go to Triumph showing they have matching funds it makes it more advantageous for Triumph to give the money. Commissioner Comander felt this is an amazing opportunity for everyone to work together to make it happen.

Commissioner Chapman reminded everyone of their last meeting and the Interlocal Agreement to work together on this project. Item 4 of the agreement refers to an entity such as FGUA as an avenue to get the job done.

Councilman Ron Kelly voiced concern with creating another level of bureaucracy. He questioned Mr. Sheets how GUA's makes their money. Mr. Sheets explained their money is made through contracts and stated all of its operations are done in the Sunshine. Mr. Sheets also spoke about how all of the entities work together and share equipment in the event one system goes down due to a hurricane.

Councilman Kelley asked about the funds generated and if the cities and county would receive any funding back from the system. Mr. Sheets explained there are host areas and each entity would receive 3% payback as one example. He stated Polk County has a 6% Franchise Agreement.

Councilman Kelly stated the bulk of their revenue comes from utility customers, they do not receive any ad valorem taxes. He stated if they were to become part of the GUA they would go from getting the bulk of the revenues to receiving a small percentage. Mr. Sheets stated it would be up to the structure to decide how to establish it, but the GUA would not be in the incorporated areas of the city. He stated it would be up to the board to determine how to develop the system and where the boundaries would be. He stated the goal is to make it a win for all three entities and to provide better and cheaper services without spending any more money than necessary.

Councilwoman Janie Griffith questioned if the establishment of a GUA would affect the City of DeFuniak Springs' current system. Commissioner Jones stated the Triumph Board has chosen water and sewer as their number one project. This is an attempt to find a way to provide those services. She stated they don't want to infringe on Freeport or DeFuniak Springs' territory,

but want to work together to make this happen. She stated they will get the money from Triumph, but it will have to go to a different project if the three entities don't work together. Commissioner Jones stated the three entities will work together to create the plan and stipulate how much money goes to which entity.

Commissioner Tony Anderson stated the county is trying to find the best solution. If it is decided to create a GUA the newly created board will establish a plan. He stated this plan is only for U.S. Highway 331 and would not affect the current water systems in the city limits.

Councilwoman Amanda Green, Freeport, spoke about their current franchise area and their current plans to expand and the grants they have already applied for and questioned how that would be affected if a GUA is agreed upon. Commissioner Anderson stated it would be determined by the designated GUA Board, which will have representation from each city and the county. This is an effort to work together to strengthen the chances of getting the necessary funding for the project. He spoke about the water affecting both cities and the county along U.S. Highway 331 and the benefits and increases that will result from the additional infrastructure. He spoke about the number of quality businesses that have already turned down coming because of the lack of infrastructure. Those were high paying jobs, but they need services such as internet lines and water and sewer; they won't come without the necessary utilities. This is an attempt to try to attract high tech industries into Walton County which will also have a positive impact on the cities. Commissioner Anderson stated they all need to work together for the best solution.

Commissioner Comander stated it's about getting things done and questioned what the next step would be. She suggested moving forward with appointing the board to begin meeting to discuss the possibilities. She said it is imperative to move forward.

Chairman Chapman stated his intent was to have the respective cities meet with their boards and discuss the issue then meet back with the Board of County Commissioners to formulate a plan or present any other options they may have.

Mr. Larry Jones, County Administrator, stated Mr. Sheets is here because of his knowledge with GUA's. He stated that any services provided for this process will be done through the competitive bid process. There are no assurances that Mr. Sheets will play a part in this process from this point because the created authority makes the decisions in the Sunshine. He reassured everyone that the decisions made will be made by the members appointed by each city council and commissioners. Mr. Sheets was invited to give the presentation because of his knowledge and expertise, but may not play any further role.

Councilman Eddie Farris, Freeport, commented on the need for both cities and the county to look out for the citizens. He questioned Freeport's responsibilities with the system. Commissioner Chapman stated it was his understanding the newly appointed board would define the parameters. The system would be in line with the current TIF boundaries and anything beyond that would be decided by that board if any areas beyond that would be brought into the system. The plan is for the corridor only and would not incorporate any areas currently in the city limits into the GUA. The cities would retain their own systems and areas. The TIF was designed and put it in place and that would be the defined area for the newly created GUA.

Mr. Sheets stated it is important for everyone to go into this agreement with the mindset they are partners with each other and the GUA, not competitors. All three entities will benefit from the GUA.

Councilman Kermit Wright, DeFuniak Springs, stated the City of DeFuniak has a lot of infrastructure in the ground and are currently waiting to realize the return on their investment. He

stated that if boundaries are set then they would still have their revenue coming in along with the additional revenues on this potential GUA. He stated the city would not be losing anything, but sees the potential for a gain in revenue.

Mayor Campbell stated if Triumph monies come in ahead of time he would be glad to benefit from the utilities. He too spoke about the amount of money they spent on infrastructure and the need to receive revenue from that project and voiced concern with turning that over to anyone causing them to lose their investment.

Mr. Sheets spoke about when The City of Dunnellon transferred their assets to the GUA there was no loss. Secondly they acquired a USDA loan on behalf of Dunnellon. This is a government helping government created by the government. Mr. Sheets stated he would provide contact numbers for anyone to research the issues further.

Councilwoman Elizabeth Brannon, Freeport, felt that everyone should work together, but requested clarification on their current system. She asked if the newly created board would designate the areas, outside of the Freeport Service area already on U.S. Highway 331, and be their own utility, run their own pipes for sewer and water, treatment plant, and do their own billing. Commissioner Anderson responded stating that will be part of what the new board creates and can block off Freeport's service area out of the GUA's area. Policies and procedures would be created establishing all of the guidelines. He also spoke about flexibility and changes to the structure which is done locally by the three entities coming together.

Mr. Jones stated part of process is that each municipality can decide how they want to handle their own infrastructure. They would have to option of selling it to the authority as a way of seeing their investment back. The authority would have to compensate the city for their infrastructure, they cannot take it from them. The municipalities would not be required to walk

away from their investments or commitments. He stated that no one is going to walk out of the process with less than what they came in with.

Mayor Campbell stated the expectation was to use The City of DeFuniak Springs Wastewater System. He didn't think the plan was to build their own wastewater plant. Commissioner Chapman said it's too early to know if there will be a need for a new wastewater plant. It's important to start planning so there is sufficient capacity to handle the businesses that may go in.

Councilman Wright asked if the representation will be equal on the board and that no one governmental entity would have a controlling interest to make decisions. Commissioner Chapman suggested having equal representation from each governmental entity and one additional person appointed by the entire group for the purpose of having someone as a tie breaker. That will be decided during further discussions.

Mr. Gus Andrews stated this will be the most important decision that will be made. He spoke about difficult decisions and the risks, but urged the boards to move forward quickly

Mr. Bob Brooke thanked the boards for meeting and sees a GUA as beneficial. He questioned who the GUA members are responsible to.

Mr. Sheets stated the board appointed GUA is a governmental entity and under current statute cannot raise taxes. They have requirements of audits and must operate under the Sunshine.

Attorney Clay Adkinson, Freeport City Attorney, said the entity itself will be governed by appointed board and be responsible to the board of directors.

Mr. Brooke questioned how this will affect Regional Utilities' franchise area. Commissioner Chapman stated the franchise area will not be affected because it is south of the bay.

Mr. Brooke also questioned how applications will be separated for the Triumph Board and if Highway 90 and Highway 20 were included. Commissioner Jones stated Highway 90 was but it could be decided among the group what expansions would be made in the future once U.S. Highway 331 is completed. She stated the Triumph panel is looking for transformational projects. She recommended each council go back and discuss it among their respective boards and contact Dunnellon. If they do not want this option, then bring back other options for consideration. She also recommended choosing two individuals who would serve on the utility board and stressed the urgency to proceed.

Mr. Brooke stated he is a strong advocate of the Highway 331 project. He spoke about the application process and the need to focus on one project.

Mr. Jones clarified that if either city had assets they wished to move into the GUA that would be a negotiating process. However, the Authority would probably be creating new infrastructure through various methods. If the Authority is created and moved forward they would have some impact in the Triumph application and possibly the receiver of the Triumph funds. Whereas, they would be able to spend the funds to build out necessary infrastructure to meet the needs of both cities. The cities will negotiate with the GUA for a price if they want to turn any portion of their infrastructure over.

Attorney Adkinson commented on the Interlocal Agreement to create this organization. He said it designated each Mayor and Chairman of the Board of County Commissioners to serve as representative. He asked if the new board should be in place when they make application to Triumph. He recalled discussion that this would take place whether or not Triumph happened. He stated the cities don't want to hold up any application to Triumph while negotiating how the organization will look. If Triumph is not on the table, the GUA may make a lot of sense to make

this happen, but the structure may look different. Attorney Adkinson stated he would make sure this is on the agenda for both cities and asked if everyone is comfortable with what was agreed to in the Interlocal Agreement which states they would work to form a GUA under F.S. Chapter 163.01.

Mr. Billy Williams stated a preliminary agreement or memorandum of understanding could be submitted. Once submitted it goes through an application process. In the meantime, there could be finality as they are working through the process.

Mr. John King urged the boards to get the money secured now since the project has been identified then work through the other issues. He further urged them to make the appointments now.

Mr. Bill Fletcher asked several questions of Mr. Sheets. Mr. Sheets stated that no county that has joined the GUA has ever dropped out and further spoke about the acquired assets. Many counties do not want to be in the utility business and allow the GUA to come into their county.

Mr. Mike Crew urged the boards to move forward.

Mr. Jay Evans questioned if a GUA takes over running the operation, what percentage of net proceeds goes back to the cities. Chairman Chapman stated Mr. Evans' questions and concerns would be negotiated by the board and policy created.

Councilwoman Brannon questioned if Triumph money does not come in then why would the county need to be involved in the GUA. Commissioner Comander stated the county is the one who acquired the \$12 million from Pot 3 to bring money to this project and the county agreed to use the money to bring in over \$5 million more.

Mr. Jones stated they are in process of completing the Triumph application. The results of this meeting was one of the issues needing to be decided before completing the application. The

applicants will be Walton County, The City of Freeport, and the City of DeFuniak Springs. Throughout the application there will be reference to the managing agency of the system. He said they can move forward with a cooperate agreement between the three entities. Attorney Adkinson agreed. He asked to reaffirm that agreement as they fill in the applications. Members of both councils agreed. Attorney Adkinson will recommend to address the issue further at their respective council meetings and have both councils express support in ways they feel comfortable. He will then prepare a resolution affirming their agreement with the interlocal. If Triumph money does not come in for any reason there will not be an organization created for no purpose. The resolution will reaffirm the 2017 interlocal agreement that it is still everyone's desire to move forward.

Mr. Jones stated the county wants a clear understanding as they move forward with the application. Mr. Adkinson will meet with Mr. Billy Williams to see where they are in the application process to share with the.

Commissioner Chapman thanked both cities and the board members for meeting together. It provides a better idea of how to approach the project on U.S. Highway 331. He thanked Mr. Sheets for his presentation and for sharing his knowledge.

There being no further items to address the meeting was adjourned at 10:40 a.m.

Approved: _____
W. N. (Bill) Chapman, Chairman

Attest: _____
Alex Alford, Clerk of Courts and County Comptroller